



EXHIBIT 2
DATE 3/11/15
HB 592

Testimony from Gayle Gifford, Chief Executive Officer, Montana Food Bank Network
Submitted to the House Taxation Committee in support of HB 592
March 11, 2015

The Montana Food Bank Network is Montana's only statewide food bank, distributing more than 8 million pounds of food annually, through our network of over 200 emergency food providers. In this role, we see firsthand the challenges that low-income Montanans are facing as they struggle to make ends meet and provide for their families. In 2014, our agencies served more than one in eight Montanans, a level of food insecurity that should be unacceptable in our state, given the long-term costs of worsened health outcomes, lowered educational attainment, and decreased economic productivity.

As we work to meet the immediate need for food, we know that truly ending hunger requires more than food assistance. It requires solutions that address the root causes of hunger – and HB 592 does just that, by allowing low-wage workers to keep more of the money they earn.

In our recent study into the status of hunger in Montana, we found that many of our food pantry clients are employed but are working in low-wage, part-time, and seasonal jobs that do not provide enough income to make it through the month without help. To add to the challenge, low-income households typically pay a far greater share of their income in state and local taxes than high-income households. In fact, Montana is one of only five states in the country to impose income taxes on working families experiencing poverty¹. To help mitigate the impact of this tax system and lift thousands of hardworking Montana families out of poverty, we strongly support the creation of a state-level EITC.

At the federal level, the EITC has proven to be our nation's most effective anti-poverty program. The federal EITC was established in 1975 as a tax credit for low- and moderate-income working families and individuals. It was designed to encourage and reward work, offset federal payroll and income taxes, and raise living standards². The EITC has successfully encouraged low-income parents to go to work by, in effect, lowering their tax rate and providing a financial bonus for that work effort.

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End Hunger in Montana.

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Recognizing the effectiveness of the federal EITC, twenty-five states have now implemented state-level EITCs, further supporting working families and lifting an even greater number out of poverty. By providing a state-level EITC, low-income households would face a reduced tax burden, allowing them to better meet their families' needs. Families earning the state EITC would spend their additional income on essentials such as groceries and utilities, decreasing demand on assistance programs while providing a boost to our local economy. A Montana State Earned Income Tax Credit will support our state's workers, protect Montana's children, and support our communities. We urge you to pass HB 592.

Sincerely,
Gayle Gifford, CEO, Montana Food Bank Network

¹Montana Budget and Policy Center, *Investing in Montana's Working Families: A Montana Earned Income Tax Credit*, January 2015

²Center on Budget and Policy Priorities, *EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds*, March 2015

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